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on

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To: Traylor, Patrick [traylor.patrick@epa.gov]
Subject:EPA Clarifies NSR Project Evaluations,
Removes Obstacles to Reducing Pollution



## EPA Clarifies NSR Project Evaluations, Removes Obstacles to Reducing Pollution

EPA to base emission control requirements on real world impacts

**WASHINGTON** (March 13, 2018) — Today, Environmental Protection Agency (EPA) Administrator Scott Pruitt issued a guidance memorandum clarifying the process for evaluating projects under the major New Source Review (NSR) program. The memo streamlines permitting without sacrificing environmental protections, and reduces burdens to develop and expand facilities while encouraging companies to reduce pollution.

"Today's NSR guidance advances President Trump's goal to streamline permitting requirements for manufacturing facilitates as well as EPA's efforts to reform the overly complicated and burdensome NSR program," said EPA Administrator Scott Pruitt.

"The memo outlines a common-sense interpretation of NSR rules that will remove unnecessary administrative barriers to the construction of cleaner and more efficient facilities," said EPA Office of Air and Radiation Assistant Administrator Bill Wehrum. "This is an important step toward achieving better outcomes based on real world impacts."

NSR provisions require covered facilities to obtain a preconstruction permit prior to the construction of a new major stationary source or a "major modification" to an existing stationary source. Determining whether a proposed project triggers the threshold to obtain an NSR permit is a two-step process, which is laid out in the Agency's

comprehensive "applicability procedures" regulatory requirements. Step 1 determines whether a proposed project will, by itself, result in a significant emissions increase. If an increase is projected to occur, the process moves to Step 2 to determine whether the project, combined with other unrelated recent projects, will result in a significant net emissions increase.

Given previous inconsistent application and interpretation of the Step 1 evaluation accounting, this process has prevented environmentally beneficial projects from moving forward. The memo clarifies that companies can consider projected decreases in emissions of air pollution, as well as projected emissions increases, during Step 1. This removes regulatory obstacles, saves time and money, and reduces pollutants.

If the Step 1 evaluation shows that the proposed project will not result in a significant emissions increase, the project then proceeds under a state-issued minor source permit and avoids the complex multi-year evaluation to obtain a major NSR permit.

For more information see: <a href="https://www.epa.gov/nsr/project-emissions-accounting">https://www.epa.gov/nsr/project-emissions-accounting</a>

## Background

The first step in reforming the NSR program came in December 2017, when Administrator Pruitt issued a <u>guidance memorandum</u> making clear the Agency will not "second guess" an owner or operator's analysis, as long as it is done in a manner consistent with NSR requirements. It was followed by EPA Office of Air and Radiation Assistant Administrator Bill Wehrum's memo withdrawing the "<u>once in always in</u>" policy, a major deterrent to improving environmental outcomes.



Stephen Higley (Marathon), Andy Dodson (American Wood Council), Salo Zelermyer (Valero), Katie Rose Larson (SSAB), Laura Berkey Ames (National Association of Manufacturers), Tim Hunt (American Forest

and Paper Association), and Paul Balserak (American Iron and Steel Institute) participate in today's NSR memo signing.

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